



# Missouri Drinking Water State Revolving Fund Readiness to Proceed and Distribution of Funds Criteria

Water Protection Program fact sheet

9/2009

**Approved by the Safe Drinking Water Commission - Sept. 2, 2009**

## **General Information**

In order to assure best use of the drinking water loan funds in a reasonably expeditious manner, the Department of Natural Resources will begin recognizing the effort of Drinking Water State Revolving Fund, or DWSRF, applicants to complete their proposed project. Also, to ensure availability of DWSRF loan funds to more water systems, the Department is including an annual funding limitation.

## **Readiness to Proceed**

The Department will follow the readiness to proceed criteria to determine fundable status and distribute available and anticipated DWSRF funds. Readiness to proceed criterion is defined as any project that, at a minimum, has submitted a complete facility plan and has secured voter approved bond authorization or received an acceptable debt instrument. To help determine if a project is ready, a facility plan for a DWSRF project must adequately address the information required by section 1.0 of the checklist attached to the SRF application at the end of this document. See the Distribution of DWSRF - Funds section for details as to how the Department proposes to list new and carry-over DWSRF projects in the next Intended Use Plan.

## **Maximum Loan Limit**

The maximum amount for a DWSRF loan from any single Intended Use Plan, or IUP, shall not exceed 30 percent of the total available and anticipated loan fund or \$10 million, whichever is less, unless the Department receives approval from the Missouri Safe Drinking Water Commission, or SDWC to exceed such limits.

## **Distribution of DWSRF Funds**

Based on priority points and readiness to proceed, the following describes how the Department intends to list the DWSRF projects for the purpose of committing DWSRF loan funds. The Department will designate DWSRF projects in the Drinking Water Intended Use Plan as either fundable, fundable contingency, or planning. Projects designated as fundable include projects that the Department has committed to finance with available or anticipated State Revolving Funds under the Intended Use Plan. The Department's commitment to fundable projects is to reserve loan funds in the amount requested until the applicant secures the DWSRF loan or until the application period expires. Fundable contingency projects are those projects meeting readiness to proceed but not receiving funding commitments due to the lack of SRF funds. Projects designated as planning are those projects that have not yet met the definition of readiness to proceed criteria.

The Department will initially reserve 20 percent of the available or anticipated uncommitted funds for very small water systems (systems that serve 3,300 or fewer people) that submit a loan application meeting the readiness to proceed criteria by the application receipt deadline. The department will reserve 15 percent for small water systems (systems which serve from 3,301 to 9,999 people) that submit a loan application meeting the readiness to proceed criteria by the application receipt deadline. Any initially reserved funds for small or very small water systems that are not committed will be transferred to the general reserves and made available to commit to projects that meet readiness to proceed criteria and committed according to priority ranking of the projects. Any uncommitted funds available after the application receipt deadline will be committed to projects in the order that the projects meet readiness to proceed. In the case where funds reserved for small or very small systems are not fully used, the Department can give preference to such projects in the future.

### **I. Fundable List**

All eligible carry-over applications from last year's Fundable List will retain their same funding commitment from the prior IUP, unless bypassed. All carry-over applications from last year's Fundable Contingency List and new DWSRF applications received this year that meet the criterion for readiness to proceed will be placed on the Fundable List in order of priority ranking. Those projects below the funding cutoff will be placed on the Fundable Contingency List. Carry-over projects will retain the points they received in the last year's IUP unless they reapplied for consideration under the latest criteria (such projects are then deemed new applications).

### **II. Fundable Contingency List**

These are eligible projects that meet readiness to proceed but due to priority ranking, timing, or funding limitations will not receive funding commitments. These projects will be ranked on the list in accordance with their priority points. If uncommitted funds become available, the Department, with the Safe Drinking Water Commission's approval, will move the highest-ranking project from this list to the Fundable List.

### **III. Planning List**

These are the eligible carry-over or new projects that do not meet the readiness to proceed criterion to make the Fundable or Fundable Contingency List. These projects will be ranked according to their priority points. Any application(s) that meets the Readiness to Proceed criteria, subject to the availability of funding, may be moved to the Fundable or Fundable Contingency List and shall be incorporated into the appropriate list in priority point order.

### **Bypass Procedures**

The Department may bypass any project on the Fundable List that does not make satisfactory progress toward meeting requirements. Procedures for bypassing projects are contained in 10 CSR 60-13.020(3)(A).

**Refinancing and Refunding Criteria for Readiness to Proceed**

Projects that involve both new projects financing plus the refinancing or refunding of existing debt will only retain the new project priority points if:

- A. The refinancing or refunding is necessary to meet affordability criteria after the current project financing is factored into the applicant's total debt service, and
- B. It is a current refinancing or refunding, or, in an advance refinancing/refunding, interest portion of the defeasance escrow attached to the SRF program shall include no more than two years of interest on the bonds to be refunded, and
- C. The current debt is not that of another state or federal agency, and
- D. Refinanced or refunded debt will only incorporate level or net level debt amortization structures.

Projects that only involve the refinancing of existing debt will only receive priority points for affordability.

If it is determined that a refinancing or refunding project has not followed the Drinking Water State Revolving Fund environmental and procurement requirements, then commitment to fund such projects will be considered on a case-by-case basis depending on availability of funds and the merits of the project as determined by the Department and the Safe Drinking Water Commission.

**For more information**

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